

MINUTES OF THE MEETING  
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY

May 24, 2006

**MEMBERS PRESENT:** Ryan Kitchell; Lance Rhodes; Kenneth Metzger; and Kelly Borror.

**ALSO PRESENT:** Sam Bick, Grandview Care Inc.; Brenda Horn, Kristin McClellan, Christina Laun, Ice Miller; Bob Kocher, Lynda Hanna, Mark Gastineau, Chase Bank; Rachelle Lore; Amy Corsaro; and Dan Kramer.

Mr. Kitchell welcomed those in attendance, recognized the presence of a quorum and called the meeting to order at 11:00 a.m. on May 24, 2006, in Suite 900, One North Capitol Avenue, Indianapolis, Indiana, pursuant to notice thereof.

Mr. Kitchell asked for approval of the Minutes of the April 26, 2006, meeting of the Indiana Health and Educational Facility Financing Authority. Thereupon, upon motion made by Mr. Rhodes and seconded by Mr. Metzger, it was unanimously:

**RESOLVED**, the Minutes of the April 26, 2006, meeting of the Indiana Health and Educational Facility Financing Authority are hereby approved and the Executive Director is instructed to execute same and to place same in the Minute Book as the Minutes of the April 26, 2006, Meeting of the Indiana Health and Educational Facility Financing Authority.

Mr. Kitchell then checked with the board in regards to the acceptability of the scheduled June 28, 2006, meeting, Ms. Borror would be unable to attend. Mr. Kitchell then asked Mr. Kramer if he would check with the members not present on the acceptability of that date, as he also may be unable to attend.

Mr. Kitchell then asked for the Executive Director's Report.

EXECUTIVE DIRECTOR'S REPORT

A copy of the Executive Director's Report is attached hereto as Exhibit A.

The Executive Director began by introducing the resolution from PERF that would authorize Mr. Kramer to act as agent to accept pension liability and further to execute and deliver documents relating to the Public Employees' Retirement Fund.

Thereupon, upon motion made by Mr. Rhodes and seconded by Mr. Metzger, it was unanimously:

**RESOLVED**, the Resolution Authorizing an Agent to Accept Pension Liability on Behalf of Indiana Health and Educational Facility Financing Authority and Approving and Authorizing other actions with respect thereto to be and hereby is approved.

A copy of the resolution is attached hereto as Exhibit B.

The Executive Director continued his report by informing members that the Community Village, Inc. - Hartsfield Village Project transaction for \$22,525,000 closed on May 2, 2006, and the Sisters of St. Francis Health Services, Inc. transaction for \$620,200,000 in total closed on May 2, 2006 (Series A and B) and May 16, 2006 (Series C - F).

The Executive Director continued with the next item on the agenda, the Preliminary Resolution for Union Hospital, Inc. in an amount not to exceed \$32,000,000. He then introduced Ms. Brenda Horn from Ice Miller, bond counsel, and Mr. Wayne Hudson, CFO of Union Hospital Inc.

Ms. Horn began by informing members that this transaction is to fund new construction. There will be both taxable and tax exempt components of the borrowing and both will be backed by a letter of credit from Fifth Third Bank. Ms. Horn then introduced Mr. Hudson to give more information regarding the project.

Mr. Hudson began by describing to members the first purpose of the financing, a comprehensive cancer care center that would bring multiple, separately existing facilities into one. The basement and first floor will be used by the hospital, while the second floor will be leased space for physicians and the third floor used for education.

Mr. Hudson continued by describing the second portion, an ambulatory surgery center with 6 surgery suites and 4 special procedure rooms. The current facility is leased and off campus, does not provide adequate parking, and is an inadequate facility. This facility will be funded with 100% taxable debt, as it will be subcontracted to an outside management group.

Mr. Hudson finished by describing the third portion of the financing, a 10,000 square foot power plant that will be located on campus next to the existing hospital that will serve to power the entire hospital system. It will also provide energy for a replacement hospital that will be built in the future.

Mr. Rhodes asked Mr. Hudson if any properties will be razed, to which Mr. Hudson replied that the power plant will be built over the existing doctors parking area and the other facilities will be built on existing available land. Some rental homes on property that was purchased by the hospital have been torn down.

Mr. Kitchell then asked Mr. Hudson how the replacement hospital would be funded. Mr. Hudson replied that they are currently in talks with Clarian Health Partners regarding financing the cost of the replacement hospital. The board of the hospital has passed a letter of intent to affiliate with Clarian, and it was expected that Clarian would pass a similar measure

within a few days. The hospital will still operate as Union Hospital, Inc., with Clarian being represented on the Union Hospital board. There is no portion of this current project that is contingent upon the affiliation with Clarian.

Mr. Kitchell asked who would be providing the education in the designated education area of the cancer care center, to which Mr. Hudson replied that the medical oncologists are doing research for the drug companies and receive grants for those projects.

Thereupon, upon motion made by Ms. Borrer and seconded by Mr. Rhodes, it was unanimously:

**RESOLVED**, the Preliminary Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Hospital Revenue Bonds (Union Hospital, Inc. Project), in the principal amount not to exceed \$32,000,000 and Approving and Authorizing other actions with respect thereto be and hereby is approved.

A copy of the resolution is attached hereto as Exhibit C.

The Executive Director then continued with the next item on the agenda, a Preliminary Resolution for Grandview Care, Inc. in an amount not to exceed \$5,000,000. The Executive Director introduced Brenda Horn, Ice Miller, bond counsel for Grandview Care.

Ms. Horn began by informing members that this bond is for financing a skilled nursing and assisted living facility in New Castle as well as a refunding of existing Series 2003 bonds. Ms. Horn then introduced Sam Bick, President of Grandview Care, Inc.

Mr. Bick began by informing members that the New Castle facility will be the third Grandview Care facility in Indiana, the others being in Vincennes and Logansport. The New Castle facility will be nearly identical to the existing facilities, with 108 beds; 68 being skilled nursing beds and 40 being licensed residential care. Construction for this facility is almost complete with a scheduled opening date of August 1, 2006. It will serve the New Castle and Henry County markets; a need was identified in early 2004 that the area was underserved.

Ms. Borrer asked the status of the program in relation to the moratorium on new Medicaid beds. Mr. Bick replied that because the project was begun prior to the moratorium, it is anticipated that it will be granted an exception to the freeze. It was also pointed out that only a small percentage of their existing facilities are utilized by Medicaid patients.

Thereupon, upon motion made by Mr. Rhodes and seconded by Ms. Scholer, it was unanimously:

**RESOLVED**, the Preliminary Resolution Authorizing the Issuance of the Indiana Health and Educational Facility Financing Authority Variable Rate Demand Revenue Bonds (Grandview Care Project), in the principal amount not to exceed \$5,000,000 and

Approving and Authorizing other actions with respect thereto be and hereby is approved.

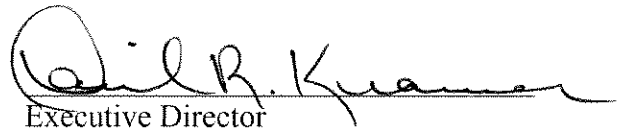
A copy of the resolution is attached hereto as Exhibit D.

Ms. Borrer then reported on the activities of BioCrossroads since the last meeting. No new funding was approved, and the existing investment in SonarMed has hit two of their milestones and has secured additional funding through the Indiana Future Fund.

The Executive Director concluded his report.

There being no further business, the meeting was adjourned.

Respectfully submitted,

  
Executive Director

**INDIANA HEALTH AND EDUCATIONAL FACILITY  
FINANCING AUTHORITY**

ONE NORTH CAPITOL, SUITE 900  
INDIANAPOLIS, INDIANA 46204  
(317) 233-9799 FAX: (317) 232-6786

**REPORT BY**

**DANIEL KRAMER, EXECUTIVE DIRECTOR**

**May 24, 2006**

**Activities for the period April 27, 2006, through May 24, 2006, are as follows:**

**I. Discussions have been held with possible clients as follows:**

Clark Memorial Hospital

**II. Special Projects in Various Stages of Development:**

1. Community Village, Inc - Hartsfield Village Project – CLOSED	\$22,525,000
2. Sisters of St. Francis Health Services, Inc. - CLOSED	\$620,200,000
3. Jackson County Schneck Memorial Hospital	\$35,000,000
4. Greenwood Village South Project	\$22,000,000
5. Union Hospital, Inc.	\$32,000,000
6. Grandview Care, Inc.	\$5,000,000

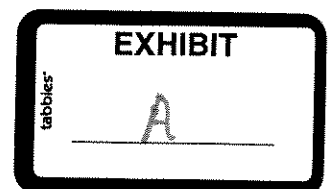
**III. 1985 A Variable Rate Pool Activity**

**A. New Applications: None**

**B. Pending Applications: None**

**C. Approvals:**

1. L.O.C. Required: Imaging Center of North Central, IN, Inc. \$3,500,000



#### IV. Comments

1. The Community Village, Inc - Hartsfield Village Project (\$22,525,000) closed on May 12. The Sisters of St. Francis Health Services, Inc. closed \$620,200,000 in total on May 2 (Series A and B) and May 16 (Series C – F).
2. Included in Authority Members' folders is an application and preliminary resolution for the Union Hospital, Inc. Project in an amount not to exceed \$32,000,000. Brenda Horn, Ice Miller, bond counsel, and Wayne Hutson, Senior Vice President and CFO, Union Hospital, are here to discuss the resolution.
3. Included in Authority Members' folders is an application and preliminary resolution for the Grandview Care Project in an amount not to exceed \$5,000,000. Brenda Horn, Ice Miller, bond counsel, and Sam Bick, President, Grandview Care, are here to discuss the resolution.
4. Included in Authority Members' folders is *A Resolution Authorizing an Agent to Accept Pension Liability on Behalf of Indiana Health and Educational Facility Financing Authority*. (PERF)
5. Included in Authority Members' folders is the May, 2006, Cash and Investments Report.



**A RESOLUTION AUTHORIZING AN AGENT  
TO ACCEPT PENSION LIABILITY ON  
BEHALF OF Indiana Health and Educational  
Facility Financing Authority  
(EMPLOYER)**

PUBLIC EMPLOYEES' RETIREMENT FUND  
143 West Market Street  
Indianapolis, IN 46204-2809  
(317) 233-4162

\_\_\_\_\_  
**Account Number**

**RESOLVED**, that Daniel R. Kramer, Executive Director, of  
(Names) (Title)  
Indiana Health and Educational Facility Financing Authority be, and hereby is, fully authorized and empowered to act on  
behalf of  
(Political Subdivision)  
and in the name of Indiana Health and Educational Facility Financing Authority as its agent to accept pension liability,  
pursuant to  
(Political Subdivision)  
IC 5-10.2-3-1 and further to execute and deliver documents related to the Public Employees' Retirement Fund (PERF) of  
Indiana. This resolution will remain in full force and effect until modified or rescinded by subsequent resolution and receipt  
thereof in writing by the Director of PERF.

Adopted this 24th day of May, 2006.

**Signatures of Governing Body (Board Members)**

Title of Governing Body: Indiana Health and Educational Facility Financing Authority

Kenneth D. Metzger Kelly L. Borow  
Lance R. Hicks  
BK

**NOTE**

The Agent authorized must be named and not designated by job title, unless such position is an elected position, such as Clerk-Treasurer.

This Resolution supersedes any other Resolution you have on file. Therefore, please include all agents past and current who will be authorized to accept pension liability.

☒ require the original signatures of your Governing Body. Copies are not acceptable.

PRELIMINARY RESOLUTION AUTHORIZING THE ISSUANCE OF THE  
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY  
HOSPITAL REVENUE BONDS, SERIES 2006  
(UNION HOSPITAL, INC. PROJECT)  
IN A PRINCIPAL AMOUNT NOT TO EXCEED  
THIRTY-TWO MILLION DOLLARS,  
AND APPROVING AND AUTHORIZING OTHER ACTIONS IN RESPECT THERETO

WHEREAS, the Indiana General Assembly enacted Indiana Code 5-1-16, as amended (the "Act"), which created the Indiana Health and Educational Facility Financing Authority (the "Authority") which is empowered to issue bonds for the purpose of making loans to Participating Providers (as defined in the Act) for the financing, reimbursing or refinancing of all or any part of the cost of Health Facility Property (as defined in the Act); and

WHEREAS, Union Hospital, Inc. (the "Borrower"), a Participating Provider within the meaning of the Act, has requested that the Authority issue one or more series of its Hospital Revenue Bonds, Series 2006 (Union Hospital, Inc. Project) in an amount not to exceed \$32,000,000 (collectively, the "Bonds") and loan the proceeds of such Bonds to the Borrower for the purpose of (i) financing or refinancing a portion of the costs of constructing, acquiring, renovating or equipping certain healthcare facilities constituting Health Facility Property (the "Projects") within the meaning of the Act, (ii) funding a portion of interest on the Bonds during construction, (iii) paying certain costs of issuing the Bonds, including underwriter's discount and credit enhancement, and (iv) funding a debt service reserve fund, if any.

WHEREAS, the Authority desires to issue Bonds and loan the proceeds to the Borrower for purpose of financing the Projects; and

WHEREAS, the Authority desires to authorize its Chair, Vice Chair or Executive Director to take certain actions in preparation for marketing of the Bonds;

Be it resolved by the members of the Authority that:

Section 1. Based on the application of the Borrower, the Authority hereby finds that the Projects are necessary or helpful to provide, directly or indirectly, healthcare; medical research; habilitation, rehabilitation or therapeutic services; or any related supporting services; in Indiana and thus constitute Health Facility Property within the meaning of the Act.

Section 2. Bonds in an aggregate principal amount not to exceed \$32,000,000 are hereby authorized to be issued under and pursuant to the Act and the proceeds thereof loaned to the Borrower for the purpose of financing the Projects, as well as the other purposes described above, provided, that the appropriate actions are taken pursuant to the Act, the Internal Revenue Code of 1986, as amended, and applicable securities laws as may be required to implement the aforesaid financing and that all of the foregoing shall be mutually acceptable to the Authority and the Borrower.



Section 3. At the direction of the Borrower, Fifth Third Securities, Inc. is hereby appointed as underwriter with respect to the Bonds (the "Underwriter"). The Underwriter is hereby authorized at the appropriate time to distribute one or more Preliminary or Final Official Statements to potential purchasers of the Bonds.

Section 4. The Vice Chair and the Executive Director are hereby authorized to take such actions which may be necessary and advisable to prepare for the issuance of the Bonds, subject to the final approval of the terms and conditions thereof by the Authority.

Dated this 24th day of May, 2006.

INDIANA HEALTH AND EDUCATIONAL  
FACILITY FINANCING AUTHORITY

*Kenneth D. Metzger*

*Lana Rhodes*

*BC/K*

*Kelly L. Brown*

Attest:

*Daniel R. Kramer*

Daniel R. Kramer, Executive Director

PRELIMINARY RESOLUTION AUTHORIZING THE ISSUANCE OF THE  
INDIANA HEALTH AND EDUCATIONAL FACILITY FINANCING AUTHORITY  
VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2006  
(GRANDVIEW CARE PROJECT)  
IN THE PRINCIPAL AMOUNT NOT TO EXCEED  
FIVE MILLION DOLLARS,  
AND APPROVING AND AUTHORIZING OTHER ACTIONS IN RESPECT THERETO

WHEREAS, the Indiana General Assembly enacted Indiana Code 5-1-16, as amended (the "Act"), which created the Indiana Health and Educational Facility Financing Authority (the "Authority") which is empowered to issue bonds for the purpose of making loans to Participating Providers (as defined in the Act) for the financing, reimbursing or refinancing of all or any part of the cost of Health Facility Property (as defined in the Act); and

WHEREAS, Grandview Care, Inc. (the "Borrower"), a Participating Provider within the meaning of the Act, has requested that the Authority issue its Variable Rate Demand Revenue Bonds, Series 2006 (Grandview Care Project) in an amount not to exceed \$5,000,000 (the "Bonds") and loan the proceeds of such bonds to the Borrower for the purpose of (i) financing a portion of the costs of constructing, acquiring, renovating or equipping certain healthcare facilities constituting "health facility property" (the "Project") within the meaning of the Act, (ii) paying a portion of the interest on the Bonds during construction; (iii) funding a Debt Service Reserve Fund, if any, and (iv) paying certain costs of issuing the Bonds, including underwriters discount and credit enhancement; and

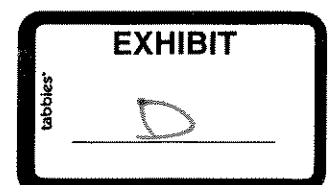
WHEREAS, the Authority desires to issue Bonds to loan the proceeds to the Borrower for purposes of financing the Project; and

WHEREAS, the Authority desires to authorize its Chair, Vice Chair or Executive Director to take certain actions in preparation for marketing of the Bonds;

Be it resolved by the members of the Authority that:

Section 1. Based on the application of the Borrower, the Authority hereby finds that the Project is a residential facility for the elderly in Indiana and thus constitutes Health Facility Property within the meaning of the Act.

Section 2. Bonds in an aggregate principal amount not to exceed \$5,000,000 are hereby authorized to be issued under and pursuant to the Act and the proceeds thereof loaned to the Borrower for the purposes of financing the Project, provided, that the appropriate actions are taken pursuant to the Act, the Internal Revenue Code of 1986, as amended, and applicable securities laws as may be required to implement the aforesaid financing and that all of the foregoing shall be mutually acceptable to the Authority and the Borrower.



Section 3. At the direction of the Borrower, Fifth Third Securities, Inc. is hereby appointed as the underwriter with respect to the Bonds (the "Underwriter"). The Underwriter is hereby authorized at the appropriate time to distribute the Preliminary Offering Circular to potential purchasers of the Bonds.

Section 4. The Chair, Vice Chair and the Executive Director are hereby authorized to take such actions which may be necessary and advisable to prepare for the issuance of the Bonds, subject to the final approval of the terms and conditions thereof by the Authority.

Dated this 24<sup>th</sup> day of May, 2006.

INDIANA HEALTH AND EDUCATIONAL  
FACILITY FINANCING AUTHORITY

*Kenneth H. Mitogen*

*Lana Phobe*

*B. Ke*

*Kelly L. Boraw*

*Daniel R. Kramer*

Daniel R. Kramer, Executive Director